

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

July 31, 2020

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name. The signature is stylized and cursive.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JULY 31, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$167.1 million. The balance decreased by \$8.9 million for the month primarily reflecting cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance decreased by \$84 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$90 thousand. Its balance decreased by approximately \$184 thousand from prior month primarily due to the quarterly payments from the CLF to reimburse the Operating Fund for payroll, rent and administration costs.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$2.0 million for the month primarily due to vendor/trade and relocation payments.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$2.7 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$8.9 million from prior month. In the current month, \$6.7 million was used in operating activities and \$2.1 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building totaled \$112 thousand.

Other Information

The Agency had 46 vacancies as of month-end. The 46 vacancies represent 3.9 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$7.7 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of July 31, 2020 and 2019

(Dollars in thousands)

	July 2020	July 2019
ASSETS		
Cash and cash equivalents	\$ 167,129	\$ 147,243
Due from National Credit Union Share Insurance Fund	97	1,828
Employee advances	16	20
Other accounts receivable, Net	90	120
Prepaid expenses and other assets	5,639	6,175
Assets held for sale	-	447
Fixed assets - Net of accumulated depreciation of \$37,138 and \$40,616 as of July 31, 2020 and July 31, 2019, respectively	29,808	28,623
Intangible assets - Net of accumulated amortization of \$22,111 and \$19,200 as of July 31, 2020 and July 31, 2019, respectively	28,780	14,077
TOTAL ASSETS	\$ 231,559	\$ 198,533
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,360	\$ 6,520
Obligations under capital leases	688	1,169
Accrued wages and benefits	13,034	10,796
Deferred revenue ¹	60,661	57,382
Accrued annual leave	22,393	20,055
Note payable to National Credit Union Share Insurance Fund	4,246	5,587
TOTAL LIABILITIES	107,382	101,509
 FUND BALANCE	 124,177	 97,024
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 231,559	 \$ 198,533

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended July 31, 2020 and 2019

(Dollars in thousands)

	<u>July 2020</u>	<u>Year-to-Date July 2020</u>	<u>Year-to-Date July 2019</u>
REVENUES			
Operating fees	\$ 12,132	\$ 84,929	\$ 80,349
Interest	16	303	1,570
Other	6	351	590
Total Revenues	<u>12,154</u>	<u>85,583</u>	<u>82,509</u>
EXPENSES, NET¹			
Employee wages and benefits	7,536	52,110	49,256
Travel	7	1,989	4,967
Rent, communications, and utilities	232	1,224	1,657
Contracted services	1,213	8,991	9,463
Depreciation and amortization	221	1,629	1,468
Administrative	209	1,414	2,738
Total Expenses, Net	<u>9,418</u>	<u>67,357</u>	<u>69,549</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,736	18,226	12,960
FUND BALANCE—Beginning of period	<u>121,441</u>	<u>105,951</u>	<u>84,064</u>
FUND BALANCE—End of period	<u>\$ 124,177</u>	<u>\$ 124,177</u>	<u>\$ 97,024</u>

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended July 31, 2020 and 2019

(Dollars in thousands)

	<u>July 2020</u>	<u>Year-to-Date July 2020</u>	<u>Year-to-Date July 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 2,736	\$ 18,226	\$ 12,960
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	572	4,210	3,716
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	84	2,212	2,195
Employee advances	-	(9)	323
Other accounts receivable, net	184	271	310
Prepaid expenses and other assets	(200)	(1,625)	(3,497)
(Decrease) increase in liabilities:			
Accounts payable	2,046	(2,942)	(3,754)
Accrued wages and benefits	1	(1,437)	(3,981)
Deferred revenue	(12,132)	60,661	57,382
Accrued annual leave	-	3,448	1,276
Accrued employee travel	-	(708)	(619)
Net Cash Used in Operating Activities	<u>(6,709)</u>	<u>82,296</u>	<u>66,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(2,059)	(8,723)	(9,417)
Proceeds from sale of assets held for sale	-	434	(447)
Net Cash Used in Investing Activities	<u>(2,059)</u>	<u>(8,289)</u>	<u>(9,864)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(782)	(782)
Principal payments under capital lease obligations	-	(588)	(544)
Net Cash Used in Financing Activities	<u>(112)</u>	<u>(1,370)</u>	<u>(1,326)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,880)	72,637	55,121
CASH AND CASH EQUIVALENTS—Beginning of period	<u>176,009</u>	<u>94,492</u>	<u>92,122</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 167,129</u>	<u>\$ 167,129</u>	<u>\$ 147,243</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 6</u>	<u>\$ 47</u>	<u>\$ 70</u>

The balances in the statement above are preliminary and unaudited.